

Registered number: 09729915

## Hollyblue Healthcare (Spring) Limited

Directors' report and audited financial statements

For the year ended 31 December 2018



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## Hollyblue Healthcare (Spring) Limited

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**Hollyblue Healthcare (Spring) Limited**

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**Company information**

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<b>Directors</b>	M C Glowasky P A Smith J C Diaz-Sanchez
<b>Registered number</b>	09729915
<b>Registered office</b>	2 Merchants Drive Parkhouse Carlisle Cumbria England CA3 0JW
<b>Independent auditor</b>	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX

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## Hollyblue Healthcare (Spring) Limited

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### Directors' report For the year ended 31 December 2018

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The directors present their report and the audited financial statements of Hollyblue Healthcare (Spring) Limited ("the company") for the year to 31 December 2018.

#### Principal activity

The principal activity of the company during the year was that of an investment property company operating in the care sector.

#### Results

The profit for the year, after taxation, amounted to £1,847,837 (2017: £917,817).

#### Directors

The directors who served the company during the year and up to the date of approval of this report were:

M C Glowasky  
P A Smith (appointed 9 July 2019)  
J C Diaz-Sanchez (appointed 9 July 2019)

#### Disclosure of information to the auditor

The directors at the time when this Directors' report is approved have confirmed that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware: and
- they have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### Independent auditor

The auditor, BDO LLP, has indicated its willingness to continue in office. A resolution concerning its re-appointment will be put to the directors at the board meeting approving these financial statements.

#### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by sections 414A and 414B of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

  
.....  
P A Smith  
Director

Date: 23/9/19

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## **Hollyblue Healthcare (Spring) Limited**

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### **Directors' responsibilities statement For the year ended 31 December 2018**

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## Hollyblue Healthcare (Spring) Limited

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### Independent auditor's report to the members of Hollyblue Healthcare (Spring) Limited For the year ended 31 December 2018

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#### Opinion

We have audited the financial statements of Hollyblue Healthcare (Spring) Limited ("the company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or  
the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## **Hollyblue Healthcare (Spring) Limited**

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### **Independent auditor's report to the members of Hollyblue Healthcare (Spring) Limited For the year ended 31 December 2018**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the Directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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## Hollyblue Healthcare (Spring) Limited

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### Independent auditor's report to the members of Hollyblue Healthcare (Spring) Limited For the year ended 31 December 2018

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#### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Bao LLP*

Martin Gill (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Glasgow, United Kingdom

Date: *24 September 2018*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## Hollyblue Healthcare (Spring) Limited

### Statement of comprehensive income For the year ended 31 December 2018

	<i>Note</i>	<b>2018</b> £	<b>2017</b> £
Turnover	4	1,090,511	1,063,874
Cost of sales		(25,458)	(25,298)
<b>Gross profit</b>		<b>1,065,053</b>	<b>1,038,576</b>
Administrative expenses (including gain on revaluation of investment properties)	5	2,337,402	-
Provision for group debtors	5	(920,325)	-
<b>Operating profit</b>	5	<b>2,482,130</b>	<b>1,038,576</b>
Interest payable and similar charges	7	(100,507)	(160,389)
<b>Profit before taxation</b>		<b>2,381,623</b>	<b>878,187</b>
Tax on profit	8	(533,786)	39,630
<b>Profit after taxation</b>		<b>1,847,837</b>	<b>917,817</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,847,837</b>	<b>917,817</b>

The notes on pages 10 to 17 form part of these financial statements.

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## Hollyblue Healthcare (Spring) Limited

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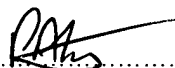
**Statement of financial position**  
**As at 31 December 2018**  
**Registered Number: 09729915**

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	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investment property	9	5,513,000	3,141,000
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	77,856	1,035,152
Cash and cash equivalents	11	365,137	328,744
		<u>442,993</u>	<u>1,363,896</u>
<b>Creditors: amounts falling due within one year</b>	12	(15,739)	(57,228)
<b>Net current assets</b>		<u>427,254</u>	<u>1,306,668</u>
<b>Total assets less current liabilities</b>		<u>5,940,254</u>	<u>4,447,668</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(785,563)	(1,547,390)
<b>Provisions for liabilities</b>			
Deferred tax	14	(406,576)	-
<b>Net assets</b>		<u>4,748,115</u>	<u>2,900,278</u>
<b>Capital and reserves</b>			
Called up share capital	17	2,068,735	2,068,735
Retained earnings		<u>2,679,380</u>	<u>831,543</u>
<b>Total equity</b>		<u>4,748,115</u>	<u>2,900,278</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 section 1A – small companies.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
**P A Smith**

Director

Date: 23/9/19

The notes on pages 10 to 17 form part of these financial statements.

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**Hollyblue Healthcare (Spring) Limited**

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**Statement of changes in equity  
For the year ended 31 December 2018**

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	Called up share capital	Retained earnings	Total equity
	£	£	£
At 31 December 2016	2,068,735	(86,274)	1,982,461
Profit for the year	-	917,817	917,817
<b>At 31 December 2017</b>	<u>2,068,735</u>	<u>831,543</u>	<u>2,900,278</u>
Profit for the year	-	1,847,837	1,847,837
<b>At 31 December 2018</b>	<u>2,068,735</u>	<u>2,679,380</u>	<u>4,748,115</u>

The notes on pages 10 to 17 form part of these financial statements.

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## Hollyblue Healthcare (Spring) Limited

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### Notes to the financial statements For the year ended 31 December 2018

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#### 1. General information

Hollyblue Healthcare (Spring) Limited is a private limited company incorporated and domiciled in England and Wales. The address of its registered office is 2 Merchants Drive Parkhouse, Carlisle, Cumbria, England, CA3 0JW.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of freehold investment property measured at fair value through the Statement of comprehensive income, and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Companies Act 2006, as applicable to the small companies regime.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (note 3).

The presentational currency is pound sterling.

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The disclosure requirements of section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view.

##### 2.3 Turnover

Turnover, comprised of rental income, is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

##### 2.4 Investment property

Investment property is carried at fair value determined annually on the basis of reports compiled by external valuers. These reports provide both a market value and range of values around this with a degree of sensitivity. These are derived from the current market rents and investment property yields for comparable real estate, and are adjusted if necessary, for any difference in the nature, location or condition of the specific asset, including where events occurring since the balance sheet date provide additional information about the condition of the asset at the balance sheet date including any offers that have been received for the assets. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

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## Hollyblue Healthcare (Spring) Limited

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### Notes to the financial statements For the year ended 31 December 2018

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#### 2. Accounting policies (continued)

##### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transactions costs and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### 2.7 Financial instruments

###### *Financial assets*

Basic financial instruments, including trade and other debtors, and cash and bank balances, are initially recognised at transaction price, less any impairment.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

###### *Financial liabilities*

Financial liabilities, including trade and other payables, and loans from related parties are initially recognised at transaction price, less any impairment.

Financial liabilities that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

##### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## Hollyblue Healthcare (Spring) Limited

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### Notes to the financial statements (continued) For the year ended 31 December 2018

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#### 2. Accounting policies (continued)

##### 2.9 Taxation

Tax is recognised in the Statement of comprehensive income and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

##### 2.10 Operating leases

Leases of investment properties where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised as profit or loss on a straight-line basis over the lease term

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported for revenue and expenses during the year.

The directors have not been required to use a significant degree of judgement in determining the timing and value of amounts recognised in the financial statements, other than that relating to the valuation of the investment properties. Their fair value is determined annually by the directors, based on information provided by quarterly valuations made by Cushman & Wakefield, the company's independent property advisers. The reports provide both a market value and range of values around this with a degree of sensitivity and are derived from the current market rents and investment property yields for comparable real estate. Consideration is also taken by the directors of the volatility of the market from quarter to quarter, including where events occurring since the balance sheet date provide additional information about the condition of the asset at the balance sheet date including any offers that have been received for the assets.

The directors are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

#### 4. Turnover

The whole of the turnover is attributable to the principal activity of the company being that of an investment property company operating in the care sector.

All turnover arose within the United Kingdom.

## Hollyblue Healthcare (Spring) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2018

#### 5. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Unrealised gain on property revaluation	(2,372,000)	-
Foreign exchange losses	-	1,151
Fees payable to the company's auditor for the audit of the company's annual financial statements	2,375	2,275

The operating loss for the year includes an exceptional expense of £920,325 (2017: £nil) being a provision against group debtors.

#### 6. Employees

The company has no employees (2017: nil) other than the director, who did not receive any remuneration (2017: £nil).

#### 7. Interest payable and similar charges

	2018 £	2017 £
Interest payable on loans from group undertakings	100,507	160,389
<b>Total interest payable and similar charges</b>	<b>100,507</b>	<b>160,389</b>

#### 8. Tax on profit

	2018 £	2017 £
<b>Current tax</b>		
Total current tax	176,690	160,740
Adjustments in respect of previous periods	(49,480)	(200,370)
<b>Total current tax</b>	<b>127,210</b>	<b>(39,630)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	406,576	-
<b>Total deferred tax</b>	<b>406,576</b>	<b>-</b>
<b>Tax on profit</b>	<b>533,786</b>	<b>(39,630)</b>

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## Hollyblue Healthcare (Spring) Limited

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### Notes to the financial statements (continued) For the year ended 31 December 2018

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#### 8. Tax on profit (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The calculation is below:

	2018 £	2017 £
Profit before taxation	<u>2,381,623</u>	<u>835,163</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	452,508	160,740
Effects of:		
Income not taxable	(450,680)	-
Expenses not deductible	174,862	-
Adjustments in respect of previous periods	(49,480)	(200,370)
Origination and reversal of timing differences	<u>406,576</u>	<u>-</u>
	<u>533,786</u>	<u>(39,630)</u>

The corporation tax rate in the United Kingdom fell to 19% from 1 April 2018 and to 17% from 1 April 2020. The reduction to 17% was announced in the 2016 Finance Bill and replaced a reduction to previous 18% that was part of the Finance (No 2) Act 2015.

#### 9. Investment property

	£
<b>Valuation</b>	
As at 31 December 2017	3,141,000
Revaluation gain	<u>2,372,000</u>
As at 31 December 2018	<u>5,513,000</u>

The 2018 valuations are based on the market values from quarterly valuations prepared by Cushman & Wakefield, the company's independent property advisors, which are prepared on an open market value for existing use basis.



## Hollyblue Healthcare (Spring) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2018

#### 10. Debtors: amounts falling due within one year

	2018 £	2017 £
Other debtors	222	-
Amounts owed from group undertakings	-	914,528
Prepayments and accrued income	4,212	7,338
Corporation tax	73,422	113,286
	<u>77,856</u>	<u>1,035,152</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand. Although these loans are repayable on demand, they are unlikely to be fully recovered within twelve months.

#### 11. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>365,137</u>	<u>328,744</u>

#### 12. Creditors: amounts falling due within one year

	2018 £	2017 £
Other creditors	-	35,635
Trade creditors	-	4,050
Accruals and deferred income	15,739	17,543
	<u>15,739</u>	<u>57,228</u>

#### 13. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Loans from group undertakings	<u>785,563</u>	<u>1,547,390</u>
	<u>785,563</u>	<u>1,547,390</u>

Loans from group undertakings comprise of two loans. The first loan charges interest at a rate of 9% per annum. The second loan charges interest at LIBOR plus 6.5%. Interest is payable semi-annually on the initial draw-down amount. The loans are repayable in full on 30 September 2026.

A bank loan taken out by the company's immediate parent is secured in part by a fixed and floating charge over the assets of the company. The extent of this loan at the Statement of financial position date was £22,100,000 (2017: £23,753,514).

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## Hollyblue Healthcare (Spring) Limited

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### Notes to the financial statements (continued) For the year ended 31 December 2018

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#### 14. Deferred tax

	2018 £
Opening balance	-
Charge to the profit or loss	406,576
<b>At 31 December</b>	<u>406,576</u>

The deferred tax provision is made up as follows:

	2018 £	2017 £
Unrealised gains on property revaluation	406,576	-
	<u>406,576</u>	<u>-</u>

#### 15. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
<b>Amounts falling due after more than 5 years</b>		
Loans from group undertakings	785,563	1,547,390
	<u>785,563</u>	<u>1,547,390</u>

#### 16. Operating lease arrangements

##### The company as a lessor

As at 31 December 2018 the company had contracted with tenants for future minimum lease payments under non-cancellable operating leases of:

	2018 £	2017 £
Not later than 1 year	1,087,078	1,060,563
Later than 1 year and not later than 5 years	1,979,811	2,992,085
	<u>3,066,889</u>	<u>4,052,648</u>

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**Hollyblue Healthcare (Spring) Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2018**

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**17. Called up share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
2,068,735 (2017: 2,068,735) Ordinary shares of £1 each	<u>2,068,735</u>	<u>2,068,735</u>

No dividends were proposed for the year ended 31 December 2018 (2017: £nil).

**18. Related party transactions**

As a wholly owned subsidiary undertaking, the company has taken advantage of the exemption in paragraph 33.1A of FRS 102 from disclosing transactions with other group companies that are wholly owned within the group.

**19. Controlling party**

The immediate parent undertaking of the company is Hollyblue Healthcare (Finance) Limited, a company registered in England and Wales.

The ultimate controlling party of the company is Monarch Master Funding Limited, a company registered in the Cayman Islands.